

⋮ A PRIORI

Case Study

Domino's Pizza

*How Domino's Pizza
revamped after the
2008 Crisis*



Ups and downs till 2008 crisis

The Domino's journey



1960

The journey begins

Tom Monaghan, along with his brother, founded Dominick's Pizzeria (later changed to Domino's Pizza). During this time, pizza was still a new concept for US consumers and restaurants like Pizza Hut were helping make pizzas a mainstream favourite

1967

A rocky start

By the late 1960s Domino's Pizza (with 3 different locations) had already started franchising. But it had started to face some serious threat from other competing chains. Pizza Hut had just opened its 500th store. Also, other chains like Little Caesar's had opened 50 stores.

1975

The miracle year

The idea of 30 min delivery was born which proved to be a game-changer for the pizza chain. By 1978, it had opened 200 stores across the US and the chain just kept growing.

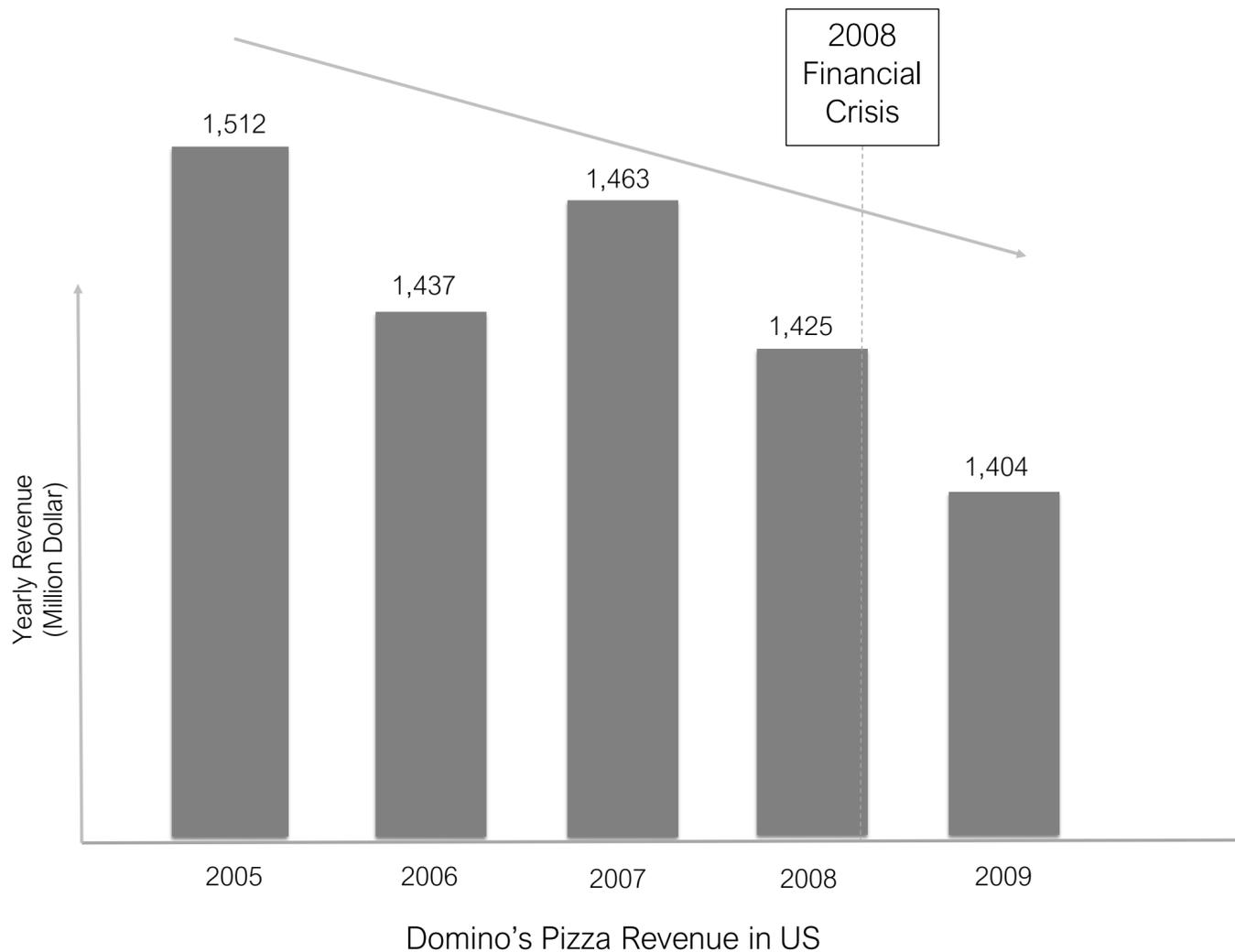
2000

The market leader

By the beginning of 21st century, Domino's Pizza was an established name in the pizza market. Its sales had reached an all time high in early 2000 following a change in the leadership. But there were certain problems that were creeping in since early 2000s.

Difficulties started to arise

Domino's Pizza entered the 2008 fiasco with many of its own problems



“Domino's Pizzas taste like cardboards”

Customers started to complain that Domino's pizzas tasted like cardboards. This was the primary reason why customers started to move away from Domino's Pizza and sales started to decrease.

Shrinking market

Many consumers started moving towards a new category- Frozen Pizza. They found this category especially convenient and the QSR market began to shrink.

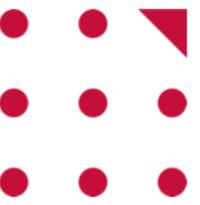
Competing chains took the lead

Domino's recognised the issues late and other competing chains had taken a lead. Pizza Hut and Papa John's pizza each came up with their own campaigns and strategies to grab a bigger market chunk, hurting Domino's Pizza even more

The impact caused by all these issues was magnified by the 2008 crisis.
But the chain solved the problem in a very unique way

The Domino's formula for success

The Domino's way of beating all odds and regaining its market



Reconnecting with customers

Domino's Pizza started to re-connect with its customers. It started conducting surveys and gather customer sentiments around their product. It focussed on understanding peoples' expectations from the pizza chain.

Taking the Market head-On

Slow-down in the market was a blessing in for Domino's Pizza. Competitors cut back their advertising and marketing spends during the recession while Domino's Pizza decided to go aggressive on its marketing campaigns.

Re-adjusting strategies

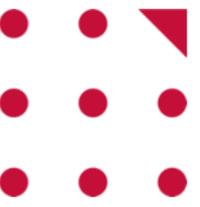
After understanding customers' expectations, Domino's Pizza incorporated these changes in its core product. Certain innovative side products were launched. This change was vital for the success of the company.

Bold marketing campaigns

Domino's launched a new and bold marketing campaign. The campaign (which began by addressing the issues the customers had) and its execution was a huge success with customers.

Domino's Relaunch

Product changes by Domino's Pizza



2009

Revamping the pizza

- **Reformulating its core product:** Domino's Pizza started accommodating consumer's suggestions; it reformulated its core product and made changes as suggested. The chain dropped its original recipe and came up with a new crust formula and fresher ingredients.



- **Introducing innovations:** With changing demands, Domino's Pizza understood quickly that it had to introduce new side products like sandwiches and bread-bites. These played an important in boosting revenue and changing the perception of Domino's in the minds of consumers.



Domino's Relaunch

Aggressive marketing strategies by Domino's Pizza



2009

A bold and honest campaign

- **Aggressive marketing strategies:** Domino's Pizza went all-in with its marketing strategies with a whopping \$75 Million budget. This was a crucial step and massively helped the brand in getting its message across to its customer base.
- **"Pizza Turnaround" campaign:** Rather than sweeping the issues under the carpet, Domino's Pizza made a bold move by acknowledging its shortcomings. Most of the brand advertising started with customer reviews about the old recipe. One of the campaigns was even named "We are sorry for sucking".

Dec 22, 2009, 11:00am EST

Domino's Launches Massive \$75 Million Ad Blitz



The story behind Domino's "we're sorry for sucking" campaign

Caroline Siede
3/15/17 3:30PM • Filed to: FOOD

238

The Many Acts of Domino's Pizza

Two years of reinvention, capped by the release of the chain's new pizza recipe, has Domino's at the fore of the segment—and sales are booming.

MENU INNOVATIONS | AUGUST 2010 | SAM OCHES

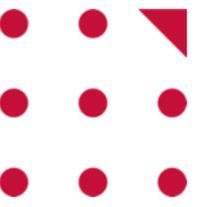


Domino's New Recipe: (Brutal) Truth in Advertising

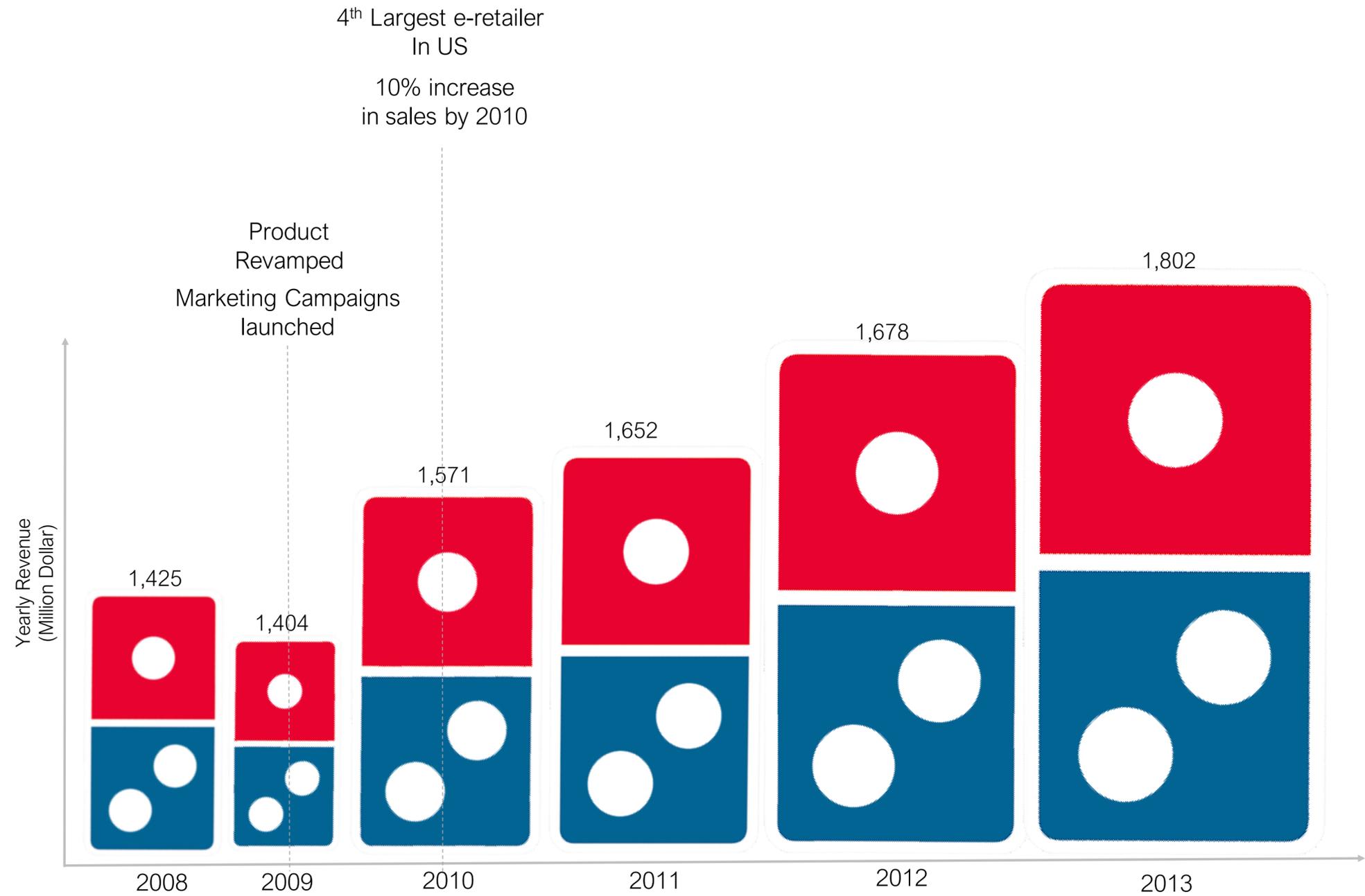
By Sean Gregory | Thursday, May 05, 2011

New era begins for Domino's Pizza

Years of unprecedented growth



2010
and
Beyond



Domino's Pizza went from being a struggling company during 2008 to one of the largest pizza delivery chain in the US by the end of 2010

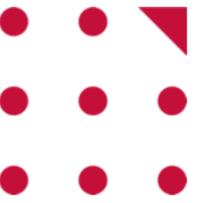


Key Takeaways



- **Rebuilding the core product:** It is always a good idea to listen to your customers and keep rebuilding the core product according to their feedback.
- **Understanding your customer:** Connecting with your customers and addressing any issue they might have is critical. This makes the customers reassured that the firm cares for them and addresses their concerns. In times of crisis, it makes customers move towards your brand.
- **Accepting your shortcomings:** The campaign tonality of accepting and addressing negative sentiments around its pizzas proved effective for the chain. Addressing genuine concern always helps to build trust among customers.
- **Aggressive marketing activities:** It is very important to ensure that the message you want to convey gets across to your customers. This is a crucial step particularly during a crisis, without which it becomes difficult to achieve the desired result.

Disclaimer



The services and materials provided by Apriori Solutions Private Limited (“Apriori”) are subject to detailed agreements executed by Apriori in this regard. Apriori does not provide legal, accounting or tax advice and the Client is requested to consult its respective professional advisor independently for the same. Such professional advice may affect the guidance given by Apriori. Further, Apriori has made no undertaking to update these materials after the date hereof, notwithstanding that such information may become outdated or inaccurate.

The trademark, copyrights, patents, utility model rights, design rights and other intellectual property rights over the research methodologies, preparation techniques, findings and models used or embodied in this document are the exclusive property of Apriori.

The materials contained in this presentation are intended for the sole use of the board of directors or senior management of the Client and for the limited purposes described in the presentation. The materials are not intended for commercial circulation and the Client agrees the information, as included in this document is confidential to the person(s) to whom it is addressed and should not be disclosed to any other person or party. It may not be reproduced in whole, or in part, any of the information contained therein may not be disclosed without the prior consent of Apriori. Any form of reproduction, dissemination, copying, disclosure, modification, distribution and or publication of this material is strictly prohibited. The Client understands that the materials are intended to only serve as the focus for discussions and are incomplete without the accompanying oral commentary and may not be relied upon on a stand-alone basis. Third Parties may not, and it is unreasonable for any Third Party to, rely on these materials for any purpose whatsoever. To the fullest extent permissible by law Apriori shall not have any liability whatsoever to any Third Party, and any Third Party hereby waives any rights and claims that it may have at any time against Apriori with regard to the services, this presentation or other materials, including the accuracy or completeness of the same. Receipt and review of this document shall be deemed agreement with and consideration for the foregoing. If you are not the intended recipient, you may not disclose or use the information in this document in any way.

Apriori does not provide fairness opinions or valuations of market transactions, and these materials should not be relied upon or construed as such. Further, the financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard valuation methodologies, are not definitive forecasts, and are not guaranteed by Apriori. Apriori has used public and / or confidential data provided to Apriori by the Client. Apriori has not independently verified the data and the assumptions used in these analytics, and any inaccuracy or incompleteness of the said data or any changes in the said data or operating assumptions will clearly impact the analyses and conclusions.

COVID-19 and its surrounding circumstances are evolving on a regular basis. The views in this presentation are based as of the date of the presentation and is subject to any changes that may take place on account of COVID-19. It is further clarified that all suggestions made in this presentation are to be considered in conjunction with applicable laws, particularly those relating to health and safety advisories and directions issued in view of COVID-19 and any other related matters